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# House Calendar No. 111.

66TH CONGRESS, } HOUSE OF REPRESENTATIVES. { REPORT  
2d Session. } No. 487.

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## IN RE THE DENT ACT.

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DECEMBER 10, 1919.—Referred to the House Calendar and ordered to be printed.

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Mr. GRAHAM of Illinois, from the Select Committee on Expenditures in the War Department, submitted the following

## REPORT.

On the act of March 2, 1919, commonly known as the Dent Act.

The act of March 2, 1919, commonly known as the Dent Act, provided, in part, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Secretary of War be, and he is hereby, authorized to adjust, pay, or discharge any agreement, express or implied, upon a fair and equitable basis that has been entered into, in good faith during the present emergency and prior to November twelfth, nineteen hundred and eighteen, by any officer or agent acting under his authority, direction, or instruction, or that of the President, with any person, firm, or corporation for the acquisition of lands, or the use thereof, or for damages resulting from notice by the Government of its intention to acquire or use said lands, or for the production, manufacture, sale, acquisition, or control of equipment, materials or supplies, or for services, or for facilities, or other purposes connected with the prosecution of the war, when such agreement has been performed in whole or in part, or expenditures have been made or obligations incurred upon the faith of the same by any such person, firm, or corporation prior to November twelfth, nineteen hundred and eighteen, and such agreement has not been executed in the manner prescribed by law: *Provided*, That in no case shall any award either by the Secretary of War, or the Court of Claims include prospective or possible profits on any part of the contract beyond the goods and supplies delivered to and accepted by the United States and a reasonable remuneration for expenditures and obligations or liabilities necessarily incurred in performing or preparing to perform said contract or order: *Provided further*, That this act shall not authorize payment to be made of any claim presented before June thirtieth, nineteen hundred and nineteen: *And provided further*, That the Secretary of War shall report to Congress at the beginning of its next session following June thirtieth, nineteen hundred and nineteen, a detailed statement showing the nature, terms, and conditions of every such agreement and the payment or adjustment thereof: *And provided further*, That no settlement of any claim arising under any such agreement, shall bar the United States Government through any of its duly authorized agencies, or any committee of Congress hereafter duly appointed, from the right of review of such settlement, nor the right of recovery of any money paid by the Government to any party under any settlement entered into, or payment made under the provisions of this act, if the Government has been defrauded, and the right of recovery in all such cases shall exist against the executors, administrators, heirs, successors, and assigns, of any party or parties: *And provided further*, That nothing in this act shall be construed to relieve any officer or any agent of the United States from criminal prosecution under the provisions of any statute of the United States for any fraud or criminal conduct.

By virtue of the provisions of this act, on December 1, at the convening of Congress, the Secretary of War filed his report in the House of Representatives, which report was thereupon referred to the Select Committee on Expenditures in the War Department. The report is very voluminous, consisting of the report proper and 3 large volumes and 11 file cases of exhibits.

From time to time Subcommittee No. 5 on Ordnance has had under consideration certain settlements made by the various claims boards with claimants under the above-cited act.

This investigation, as shown by the hearings of said subcommittee, has taken a wide range and has been incidental to its general investigation of war-ordnance expenditures. It has included an investigation of the rules that have been formulated by the War Department for the settlement of such claims and the machinery that has been devised. Because of the great expense, time, and labor incident to a complete examination of all of said claims, the subcommittee has been able to go into only a few of the great mass of claims that have been adjusted; all this is incorporated in about 500 printed pages of the committee hearings and is too voluminous to be even briefed in this report. According to the report of the Secretary of War, 4,668 claims have already been adjusted, 2,185 claims are pending, and 2,700 other claims are under consideration as to their legal standing.

The subcommittee, among other matters, has made a somewhat extensive investigation of the following settlements of war claims and contracts, to wit: American Can Co., contract for hard-bread cans; Stein-Burn Camp & Field Equipment Co., contract for fireless cookers, cooks' chests, and bread boxes; Henry Moss & Co., contract for branding irons; Briar Hill Steel Co., contract for corrugated-steel roofing; National Enameling & Stamping Co., contracts for boilers and kettles; Standard Steel Car Co., contract for nine hundred and sixty-four 240-millimeter howitzer carriages; Jones & Laughlin Co., contract for by-product coke ovens. In addition to this, the subcommittee has investigated the settlement with the United Metals Selling Co. on copper, which was a settlement not made under the act of March 2, 1919.

In all these cases except the last two named salvage values were fixed by Government agents and Army officers on special facilities furnished by the Government, sometimes buildings and sometimes machinery and equipment, which were, in the opinion of the committee, insufficient and unjust to the Government. In some of the cases cited they seem to have been obviously tainted with fraud. Part of the blame for this condition is due to the rules adopted for the settlement of such claims and partly due to the laxness and inefficiency of the Government representatives. In the last case cited, that of the United Metals Selling Co., immense profits were made by the producers of copper by virtue of a combination of the low-priced copper producers, which combination was aided and encouraged by the Government, although in violation of the law of the land.

In some of the cases cited the committee is of the opinion that constructive if not actual fraud occurred, vitiating the settlements. The committee is of the opinion that millions of dollars are involved in these settlements which the Government might have a right to recover if a proper review of such settlements were made.

The act of March 2, heretofore cited, has never been tested in the courts. It is manifest, however, that Congress had in consideration when the act was passed the probability, or at least possibility, that some board or body might desire to review them. The Select Committee on Expenditures has been created since the passage of that act, but there remains some doubt whether it is such a reviewing "committee of Congress" as is intended by the language of such act. If it is, it has no right to bring action to recover the moneys now owing the Government on said settlements, if any. That duty must necessarily devolve upon the War Department, which, in conjunction with the Department of Justice, can institute the proper proceedings.

In view of the filing of the aforesaid report by the Secretary of War and the evident intent of Congress to reserve to itself the right to review such settlements, this committee is of the opinion that the Congress should have promptly such facts as have been developed by this committee, together with its observations thereon, so that such action may be thereafter taken by Congress or by the proper department of the Government as may seem proper.

## MINORITY VIEWS.

On November 11, 1919, House resolution 381 was reported by the majority of the Select Committee on Expenditures in the War Department, being accompanied by Report No. 463. The minority are informed that this resolution has been abandoned and that no effort is to be made to secure its consideration by the House, but, instead, the majority have determined simply to make a report and no action upon same by the House is to be requested.

This report is in the main a restatement of the majority views expressed in Report No. 463, and the minority views as expressed in part 2 of that report constitute the minority views upon this. The imputations of fraud against responsible and respectable business men and faithful officials of the War Department are not justified by the evidence taken before the committee, and it is gravely to be regretted that the majority have again determined to cast such sinister and unjust reflections in an official report.

As was pointed out in the minority views on House resolution 381, the matter of salvage values presents a question upon which the judgment of men will necessarily differ, and it must be remembered that in accordance with the policy announced to Congress while the Dent Act was being considered, and which policy was eminently sound and proper, settlements were expedited as rapidly as possible consistent with the proper protection of the Government's interests. The business world, those who had large sums of capital invested for the purpose of filling contracts made while the war was in progress, sought, and had a right to seek, prompt adjustments.

In hundreds of cases the character of the institutions and factories at which these contracts had been filled had been almost completely changed by reason of their war contracts. Commercial production had been abandoned and every energy and facility had been bent to supplying the war needs of the Republic. The livelihood of unnumbered thousands of laboring men was involved. It was of supremest importance to the public weal that these institutions might return to a peace basis and again enter commercial production, giving employment to labor and supplying the peace needs of the country at the earliest possible moment. All these elements must be taken into consideration in connection with these settlements, and it should be remembered that many of them were made in the winter and spring and that conditions have since changed. In fairness, these settlements must be judged as of the time they were made and not in the light of subsequent developments which it was not possible to forecast with accuracy; nor may it be reasonably expected that uniformity and exactitude has been attained in a task involving an almost infinite variety of commodities and calling for a wide range of knowledge and skill in estimating the values involved.

FINIS J. GARRETT.

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